Alberta Wage Update

WAGE SETTLEMENTS

Wage growth in collective bargaining agreements, which dropped significantly during the global economic downturn in 2009, improved slightly last year. Preliminary data for 2010 shows that wage settlements in Alberta are gradually increasing and that the moderation in wage settlements was short lived. The average negotiated wage increase for 2010 was 3.1% in Alberta, up from the 2.8% average in 2009 (Table 1). Public sector settlements averaged 3.4% growth in 2010, up slightly from 3.3% in 2009, while the private sector saw settlements averaging 2.4% in 2010 compared to 2.1% in 2009. With Alberta's inflation averaging 1.0% for 2010, modest real wage gains have been made. Public sector workers in Alberta received more than double the wage settlements than the Canadian average of 1.6% while the private sector workers average increase was slightly more than their national counterparts' growth of 2.1%.

In contrast, gains recorded in Alberta's average weekly earnings including overtime (AWE) picked up strongly, averaging 4.5% in 2010 compared to 2.8% in 2009 (Table 3). This increase was partly driven by an increase in hours worked. While AWE growth was stronger than the Canadian average of 3.5% for 2010, it was still lower than the strong wage growth that was witnessed during Alberta's investment boom from 2005 to 2008.

Table 1: Trends in Negotiated Wage Settlements

	2004	2005	2006	2007	2008	2009	2010
Alberta: Negotiated Wage Settlements [a]							
All Industries							
Number of Employees	107,873	74,184	56,461	118,429	160,479	62,220	87,188
Wage Settlement (percent)	3.4	3.1	3.5	4.8	4.1	2.8	3.1
Public Sector							
Number of Employees	63,809	51,660	42,139	75,890	112,574	32,987	60,760
Wage Settlement (percent)	3.6	3.2	3.4	4.3	3.9	3.3	3.4
Private Sector							
Number of Employees	44,064	22,524	14,322	42,539	48,005	29,223	26,428
Wage Settlement (percent)	3.0	3.0	3.7	5.8	4.5	2.1	2.4
Canada: Negotiated Wage Settlements [b]							
All Industries							
Number of Employees	847,410	1,355,900	833,530	799,160	676,622	786,910	1,253,730
Wage Settlement (percent)	1.8	2.3	2.5	3.3	3.2	2.4	1.8
Public Sector							
Number of Employees	468,350	1,154,750	638,820	376,370	485,995	653,750	854,580
Wage Settlement (percent)	1.4	2.3	2.6	3.4	3.5	2.5	1.6
Private Sector							
Number of Employees	379,060	201,150	194,710	422,790	190,627	133,160	399,150
Wage Settlement (percent)	2.3	2.5	2.2	3.2	2.5	1.8	2.1

Alberta negotiated wage settlements are for contracts of all sizes, while the Canadian negotiated wage settlements are for major collective bargaining settlements with 500 or more employees.

a Source: Alberta Employment and Immigration, March 2011 Bargaining Update.

b Source: Human Resources and Skills Development Canada.

After decelerating across all industries in 2009, wage growth in negotiated settlements moderated further in many major industries in Alberta in 2010. Wage gains in construction moderated to 0.6% from 2.0% in 2009 and 6.6% in 2008. Workers in the health industry also had lower settlements averaging 3.4% in 2010 compared to 4.4% in 2009, and public administration workers had negotiated settlements of 3.5% in 2010 compared to 3.8% in 2009. Following growth of 5.0% in 2008 and 2.8% in 2009, workers in the mining industry negotiated the same average annual increase of 2.8% in 2010. Manufacturing (2.2%), transportation (2.7%), and education (2.5%) were the only industries to negotiate higher wage gains for their workers than in 2009. Note that these figures only represent the wage gains that were negotiated during the year presented – they do not represent actual increases that may occur if a settlement is for a period of more than one year.

Table 2. Negotiated Wage Settelements
Selected Industries, Alberta

(% change)	2008	2009	2010
Mining, oil and gas	5.0	2.8	2.8
Construction	6.6	2.0	0.6
Manufacturing	5.0	1.4	2.2
Transportation	6.6	2.6	2.7
Retail Trade	3.1	0.0	5.1
Public Admin	4.4	3.8	3.5
Health	4.7	4.4	3.4
Education	2.6	2.3	2.5
Total	**4.1**	**2.8**	**3.1**

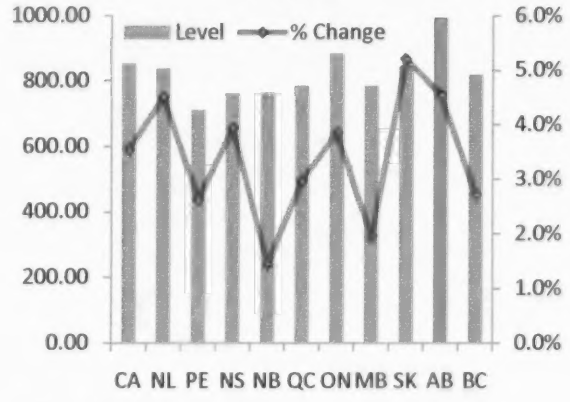
Source: Alberta Employment and Immigration

AVERAGE WEEKLY EARNINGS and LABOUR INCOME

Alberta's average weekly earnings (AWE) including overtime, increased by 4.5% in 2010, partly driven by an increase in hours of 1.7%. While this is an increase from the 2.8% growth witnessed in 2009, it is still lower than the strong growth witnessed in the years prior to the recession (5.9% in both 2007 and 2008). The pace of year-over-year growth continually picked up throughout 2010, from an average of about 2.3% in the first quarter to 4.9% in the second quarter 5.4% in the third quarter and 5.6% in the fourth quarter.

In spite of the economic downturn and subsequent moderation in wage growth last year, Albertans continued to have the highest wages in the country, both during the downturn and recovery. Albertans earned an average of $993.16 per week in 2010, which was significantly above the Canadian average of $853.07 for the same period.

2010 Average Weekly Earnings by Province



Source: Statistics Canada

Table 3: Trends in Wages and Inflation

	2004	2005	2006	2007	2008	2009	2010
Average Weekly Earnings Growth (% change y/y) (including overtime)							
Alberta	3.3	5.7	5.0	5.9	5.9	2.8	4.5
Canada	2.7	3.9	2.5	4.3	2.9	1.6	3.5
Inflation (% change y/y)							
Alberta	1.4	2.1	3.9	5.0	3.1	-0.1	1.0
Canada	1.8	2.2	2.0	2.2	2.3	0.3	1.8
Labour Income (% change y/y)							
Alberta	9.7	13.6	15.1	10.6	8.1	-0.1	4.7
Canada	5.8	5.8	6.9	5.6	4.3	0.1	4.0

Source: Statistics Canada

Nationally, AWE growth averaged 3.5% in 2010 compared to the 1.6% growth in 2009. In comparison to other provinces, Alberta's growth in AWE in 2010 was tied for second with Newfoundland and Labrador, trailing only to Saskatchewan (5.2%). The remaining provinces had growth ranging between 1.4% in New Brunswick and 3.9% in both Ontario and Nova Scotia.

Preliminary estimates for 2010 show that average weekly earnings growth in Alberta picked up in both the goods-producing sector (5.5%) and in the services-producing industries (3.7%) (Table 4). Within the goods-producing sector, mining and oil and gas extraction (8.2%) and manufacturing (7.2%) recorded stronger growth in 2010 compared to 2009. Meanwhile, wage growth slowed in both construction (2.4%) and utilities (1.2%). While wage growth in the services sector was up marginally in 2010, large variations were seen across industries. Growth in transportation and warehousing (1.7%) was flat, while health care slowed considerably from 7.6% in 2009 to 2.8% in 2010. The strongest gains were recorded in arts, entertainment and recreation (12.9%) and education (7.2%). Growth in the average weekly earnings in retail trade (0.6%) was the lowest of any industry.

Table 4. Average Weekly Earnings, Selected Industries, Alberta

	2008	2009	2010
Goods Producing Industries	**7.4**	**3.9**	**5.5**
Mining, Oil, and Gas	8.2	5.4	8.2
Utilities	6.7	5.2	1.2
Construction	8.0	6.6	2.4
Manufacturing	5.9	-3.7	7.2
Services Producing Industries	**5.5**	**3.5**	**3.7**
Finance and Insurance	3.8	-4.1	2.2
Wholesale Trade	4.4	2.9	3.8
Retail Trade	3.6	5.6	0.6
Arts, Entertainment, Recreation	12.7	2.5	12.9
Accomodation and Food Services	6.8	4.3	5.5
Transportation and Warehousing	8.2	1.7	1.7
Professional, Scientific, and Technica	3.4	5.0	2.7
Administrative and Support Services	5.0	-1.4	2.5
Public Administration	6.1	5.7	4.7
Health Care	5.7	7.6	2.8
Education	7.1	2.6	7.2
Total	**5.9**	**2.8**	**4.5**

Source: Statistics Canada

While Alberta's inflation rate was consistently above the Canadian average during the investment boom, it came down sharply during the downturn (Table 3). After virtually disappearing in 2009 (-0.1%), inflation in Alberta remained subdued in 2010 with a growth of only 1.0% -- below the Canadian rate of 1.8%. Alberta (1.0%) had the second lowest rate of inflation among the provinces, with only Manitoba (0.8%) having a lower rate. It should be noted that gasoline prices, which were up 4.8% in 2010, pushed up Alberta's inflation rate. Excluding energy, Alberta's inflation rate was 0.8%.

Growth in total wages and salaries, which moderated sharply in 2009 due to the recession, picked up in 2010. Total labour income earned by Albertans rose by 4.7% in 2010 compared to the 0.1% decline in 2009. However, this is still much slower than the average gains in excess of double digits garnered in the five years prior to the recession. The relatively modest increase in 2010 primarily reflects higher growth in average earnings, as employment declined. Labour income growth in Alberta was higher than the Canadian average of 4.0% in 2010. However, the recovery in employment nationally was much stronger in 2010 compared to Alberta. Employment in Alberta was down 0.4% in 2010, while nationally it was up 1.4%.

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